FinCEN and IRS Need to Improve and Better Coordinate Compliance and Data Management Efforts

In 2005, over 16 million Bank Secrecy Act (BSA) reports were filed by more than 200,000 U.S. financial institutions. Enacted in 1970, BSA is the centerpiece of the nation's efforts to detect and deter criminal financial activities. Treasury's Financial Crimes Enforcement Network (FinCEN) and the Internal Revenue Service (IRS) play key roles in BSA compliance, enforcement, and data management. GAO was asked to describe FinCEN's and IRS's roles and assess their effectiveness at ensuring BSA compliance and efforts to reengineer BSA data management.

To strengthen BSA compliance, GAO recommends the Secretary of Treasury direct FinCEN and IRS to develop a documented and coordinated strategy that includes priorities, time frames, and resource needs. The strategy should cover implementing specific GAO recommendations, such as clarifying regulations and measuring the compliance rate. To strengthen BSA data management reengineering, GAO is recommending FinCEN develop a long-term plan that includes coordination with IRS.

In commenting on a report draft, the Director of FinCEN and the Commissioner of Internal Revenue agreed with our recommendations.


To view the full product, including the scope and methodology, click on the link above. For more information, contact James R. White at (202) 512-5594 or whitej@gao.gov.